AUDIT REFERENCE CARD

Why do we do audits?

There are several reasons why we do audits. The primary and most important reason, however, is to validate the information which we use to develop the premium rates which we charge. Sometimes we do audits because of injury claims which are unusual for the type of business or as a result of a complaint filed by a concerned citizen.

What is an audit?

A normal audit is a review of your payroll and related financial records to see if we come up with the same information which you have reported to us. Audits can also be performed to determine if you have employment covered by Washington workers' compensation laws (Industrial Insurance laws). Audits usually include a visual inspection of a job site or work location. The auditor verifies that the classifications reported on your quarterly reports are appropriate for the business you operate.

What records will we look at?

We will look at any and all records that will assist us in validating that the worker hours that you have reported to us are accurate. Most often your payroll and time records will answer most of our questions. Sometimes we may encounter issues which require further research and a review of other records. All of the time records which we will ask to review are records which you are required by a federal or state law or regulation to keep. The following list is an example of records we may ask to view:

- Daily time cards or time records
- Individual earning records
- Check registers
- Bank statements and canceled checks
- Cash payment records including petty cash accounts
- Purchase and sales records and journals
- Accounts receivable and payable ledgers and journals
- General ledgers
- Financial reports
- Other miscellaneous income and expense records
- Contracts or service agreements
- Tax returns
- Ownership records
- Meeting records
- Articles of incorporation
- Accounting work papers

Besides reviewing the records listed above will we need other information?

Yes, our representative may ask to interview the owner of the business, the accountant, employees, suppliers, customers, and sub contractors to validate information.

How will we notify you if your business is going to be audited?

Our representative will contact you by mail or phone to set up an appointment. At that time you will be provided with a list of records needed for review.

This card is intended as a Quick Reference Guide. We make every effort to ensure that it is correct. When using this card, please understand it is not intended to replace Department of Labor and Industries or insured's policies, procedures, RCW's or WAC's in their entirety.

F214-020-000 (PDF) audit reference 12-97

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What should you expect when the auditor arrives at your business?

Our representative will introduce him/herself to you, give you a brief overview of the audit process, and explain the period and scope to be covered by the audit. During this meeting, our representative will ask questions about your business, method of how you pay employees, and have you describe what your various employees do. We refer to this as the entrance interview.

How will you know when our representative has completed the review?

Our representative will schedule a meeting with you to discuss the results of his/her review. If he/she has identified problem areas, he/she will discuss these with you at this time. In some cases, you will be notified of the results by mail or telephone conference. We refer to this meeting or the less formal mail notice or phone conference as the exit conference. In all instances, you can request a formal meeting to discuss the results of the review.

What can you do if you disagree with the audit findings?

You have the right to present additional information to us which you believe addresses the concerns our representative has identified. You must submit this information to us in a timely manner if you want us to consider this information.

What can you do if you still disagree with our representative's findings?

We will send you a copy of our post audit instructions and a legal document called a Notice and Order of Assessment (NOA). After you receive this document, you may request a reconsideration meeting to discuss your issues. This request must be in writing and sent to the Audit Discovery Unit, PO Box 44150, Olympia, WA 98504-4150. You should pay special attention to the dates on the assessment order. If you do not request reconsideration within the allowable time frame (30 days), the order becomes final.

Do you have other appeal rights?

Yes, you have other appeal rights, but you must exercise those rights within the legal allowable time frame(s). You can call one of our representatives listed below for assistance, and he/she will guide you through the audit process.

Everett, WA Don Fuqua (425) 290-1354	Seattle, WA Alicia Squibb (206) 281-5502	Tacoma, WA Caroline Johnson (253) 596-3837
Vancouver, WA Kathy Vargas (360) 896-2326	Yakima, WA Ted Hay (509) 454-3730	Spokane, WA Judy Paine (509) 324-2604